GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:126
ANSWERED ON:18.11.2002
OPERATING LOSS SUFFERED BY IA AND AI
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines (IA) and Air India (AI) havebeen suffering operating losses on most of their routes as reported in the Statesman dated August 12, 2002 under the caption `AI, IA incur operating losses on aircrafts`;

(b) if so the details thereof;

(c) whether Air India and Indian Airlines have adopted any strategy to eliminate such losses; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI SHRIPAD YESSO NAIK)

(a) and (b): While Air India has been incurring operating losses on most of their routes. However, except for domestic Hub and Spoke connections, all routes generate cash surplus. In case of Indian Airlines, 101 services out of 157 services have generated cash profit in the year 2001-2002.

(c) and (d): The perfomance of the airline is viewed in the context of its entire network in which most routes should make profit and a few routes may make losses. However, both the airlines constantly endeavour to improve its financial and operational performance by optimising utilisation of its resources. Some of the steps taken by both the airlines are as under:- Air India:
(i) Additional A310 aircraft capacity is being inducted through drylease;
(ii) The short haul flights to Gulf are being replaced by A 310 aircraft instead of 747s;
(iii) Sectors are being combined to increase the load factor thereby reducing costs and increasing revenues;
(iv)Older AB4 aircraft have been withdrawn and replaced by A310 aircraft; and
(v) Three old 747-200 aircraft which consume a lot of fuel are being withdrawn from operations.

Indian Airlines:
(i) Comprehensive budgetary control system;
(ii) Cost benefit analysis;
(iii) Introduction of `Flexi Fare Policy;
(iv) Fare increase;
(v) Better fleet & other resource utilisation;
(vi) improvement in quality of products/customer services;
(vii) Marketing initiatives; and
(viii) Cost Control and Economic measures.